



Senator Marvin Riegsecker

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News from the Indiana State Senate

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Commission Studies Methods To Replace Property Tax

“We want a better system,” and “Do no harm,” were the sentiments echoed in the Property Tax Replacement Study Commission, which has met several times at the Statehouse. The property tax situation in Indiana is a frustration shared by many as the newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government’s reliance on property taxes.

The reassessment process is complete in 90 counties, and agencies and organizations are collecting data that will aid the commission and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

This monumental task is being conducted

due to a law passed during the 2004 legislative session. The committee must study the effects of eliminating 50 percent, 75 percent, and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the legislature in September.

The commission broke down into small groups that will work on five major issues during the year: Property Tax Administration Issues; Local Government Services; Long Term Debt Issues; Other State Tax Systems; and Property Tax Levies and Controls.

The goal is to lessen local governments’ dependence on property taxes and create a more equitable and fair method of funding local government.

Local Government Efficiencies Studied

The Local Government Efficiency and Financing Study Committee has started meeting at the Statehouse this summer. As chair of the committee, I will lead discussion on the structure of local government to find ways we can improve its efficiency and effectiveness.

Our current governmental structure dates back to the state constitution of 1851 when Indiana primarily had an agricultural-based economy. One of the questions we committee members must decide is, “If Indiana became a state today, how would we organize local government and responsibilities?”

During the meetings, representatives from state, county, municipal and township government are discussing the different issues, including property reassessment methodology, poor relief delivery to citizens and the relationship between local governments.

Cities such as Fort Wayne and Evansville have conducted studies on the benefits and costs of unifying city and county government.

Indianapolis, which partially consolidated with Marion County in 1971’s “UniGov” project, and South Bend are also discussing ways to more efficiently provide local government services.

The goal of the committee is to make local government accountable, efficient, and “the right price” for citizens. We’re not criticizing one particular area of local government, but we are looking for ways to give localities the resources they need to improve. Any restructuring would be the ultimate home rule for local government because the solution may not be the same for a primarily rural county as for an urban township.

Most recommendations from several statewide studies, such as the COMPETE study by the Indiana Chamber of Commerce, will require changes in state law and the state constitution. By the end of the summer meetings in November, I hope to have some legislation ready for the 2005 session.

Protect Yourself from

Identity Theft



On an average day, someone may pay for gas at the pump, write a check at the grocery store or purchase some merchandise online without giving a second thought to these transactions; however, these seemingly innocent tasks could leave an individual vulnerable to a new breed of robbery.

Identity theft is quickly becoming the most prevalent and costly crime in the nation. Researchers estimate that criminals steal more than 600,000 victims' identities each year, costing consumers and the financial industry billions of dollars.

In 2003, the General Assembly passed legislation strengthening Indiana's identity theft law by protecting not only a person's Social Security number, but also his or her address, phone number, place of employment, employer's identification number and his or her mother's maiden name. The law also includes provisions to help victims untangle the damage incurred on their credit history by an identity thief.

Often, consumers are not aware that their identities have been stolen. Each of us can help protect our informa-

tion by being cautious. If you would like more information, please contact the Consumer Protection Division in the Indiana Attorney General's office, toll-free, at 1-800-382-5516 or visit www.in.gov/attorneygeneral.

Reduce the chances of identity theft in your everyday life:

- Monitor the balances of your financial accounts and look for unexplained charges or withdrawals
- Track your mail. Failing to receive bills or other mail may signal an address change by an identity thief, as does receiving credit cards for which you did not apply
- Order a copy of your credit reports. Federal law allows consumers to get one free credit report per year
- Guard your Social Security number. Give it out only when absolutely necessary
- Invest in a cross-cutting paper shredder. Destroy credit card applications, checks, receipts, insurance documents and anything with your identifying information.

Indiana's "Do Not Call" List:

Don't forget your
mobile telephone

Indiana is one of 40 states that has the means to protect citizens against unwanted and unsolicited phone calls. In 2001, the Indiana General Assembly passed the "Telephone Privacy Program," which provides consumers the opportunity to avoid telemarketer calls at home. State Senator David Long was the author of the bill creating the "do not call" list.

The Indiana Telephone Privacy Program allows Hoosiers to put their home telephone numbers on a "do not call" list. This list is updated quarterly and distributed to telemarketing companies. These companies can face hefty fines if they are in violation of Indiana guidelines. Getting your name on this "do not call" list is surprisingly easy. To enroll, simply call the toll-free number (1-888-834-9969) or visit the Attorney General's Web site at www.in.gov/attorneygeneral/telephone/.

Because this program is relatively new, there are still a few kinks that need to be worked out. For example, now that telemarketers are unable to reach you at home, they are looking for another outlet. Later this year, a wireless subscriber directory sponsored by the Cellular Telecommunications and Internet Association, will be published. It is speculated that this directory will include about 75 percent of all mobile phone numbers and will be accessible by real estate agents, telemarketers and other on-the-go professionals.

The federal government also is addressing this issue with legislation that will prevent wireless-phone companies from automatically distributing cell numbers into this directory. **To prevent your mobile phone number from being distributed, please add it to Indiana's "do not call" list.**

"Ozone Action Days" Can Improve Wellness of Hoosiers

"Today is an Ozone Action Day." We've all heard this sentence on the radio or on television. Elkhart County has several Ozone Action Days a year. But what exactly does it mean?

Ozone is a colorless and odorless gas that is found within the air we breathe. There is also the ozone layer, which exists above the Earth's surface. The ozone layer screens out the harmful UV rays before it reaches the Earth. The ozone that is harmful is found near the surface of the Earth and is called ground-level ozone. This can decrease our air quality and can result in smog and damage to the environment around us. It can also be damaging to our health; affecting the throat and lungs.

In recent years, ground-level ozone has become a major problem in Elkhart County. The volatile organic compounds that are found in ozone chemically react when the weather is extremely hot or in the presence of sunlight. As the sun's rays become more intense, more ground-level ozone is formed.



Telephone 2-1-1 Program Provides Vital Information to Citizens

There are many agencies and help centers available to answer problems citizens may encounter. Despite this abundance of information, it is difficult to know where to turn for specific questions. With the introduction of a new and free telephone service, help will soon be a short phone call away.

2-1-1 is a new service that provides immediate access to every certified social service agency and non-profit organization in the state of Indiana. The resources offer human needs, such as food banks, shelters, and rent assistance, as well as, employment assistance such as financial and education programs. It also offers information on health insurance programs, support groups, home health care, after school programs, protective services, and volunteer opportunities.

Currently 24 counties are using 2-1-1

It is for this reason we have Ozone Action Days. One way to lower ozone levels is to minimize the amount of emissions we release into the air from activities like driving our cars, filling up our gas tanks or running lawnmowers.

Here are several ways to keep
the air cleaner and safer:

- Limit engine idle
- Ride the bus for free. Transpo, The Bus and Concord Bus offer free rides on Ozone Action Days.
- Carpool with friends, family or co-workers
- Wait until after 6 p.m. to fill up your gas tank and mow your lawn
- Walk or ride your bike short distances
- Reduce the number of car trips by combining errands

For more information on Ozone Action Days, call toll free to Smog Watch Forecast Line at 1-800-451-6027 or visit www.in.gov/idem/air/smog.

and legislation has been authored to establish the program throughout Indiana. The new law requests absolutely no state money, but creates an account for future funds. 2-1-1 is generally funded with money from the United Way and their partnership with Cinergy. The Cinergy Foundation, funded by Cinergy shareholders, has pledged over \$600,000 to help fund this program over the next three years.

2-1-1 works in the same way that 9-1-1 operates for emergencies and 4-1-1 for general information. The goal is to have this service available 24 hours per day, 7 days per week in all counties by 2006. The State will continue to work diligently with the Indiana 211 Partnership to develop this service statewide.

For more information, please visit the web at www.in211.org.



State Faces Tough Budget Decisions in 2005

Indiana Personal Income Lags the Nation

On July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 – the close of the current budget cycle. As shown on **Figure 1**, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections

increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary solutions. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. While there is nothing inherently wrong with these accounting measures – they have helped the state avoid big spending cuts in our schools - these measures are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is improving,



SNAPSHOT: Sen. Riegsecker discusses issues with Senate staff members at his desk. Though legislators are part-time, many issues arise during the year.

the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. In fact, the State Budget spends more than \$30 million per day every day of the year. A \$300 million reserve barely funds 10 days of expenses.

The root of Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But the real problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2** the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget – and the ability to adequately fund priorities like education and health care - will remain a problem.

Beginning in January, the General Assembly will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solu-

Figure 1

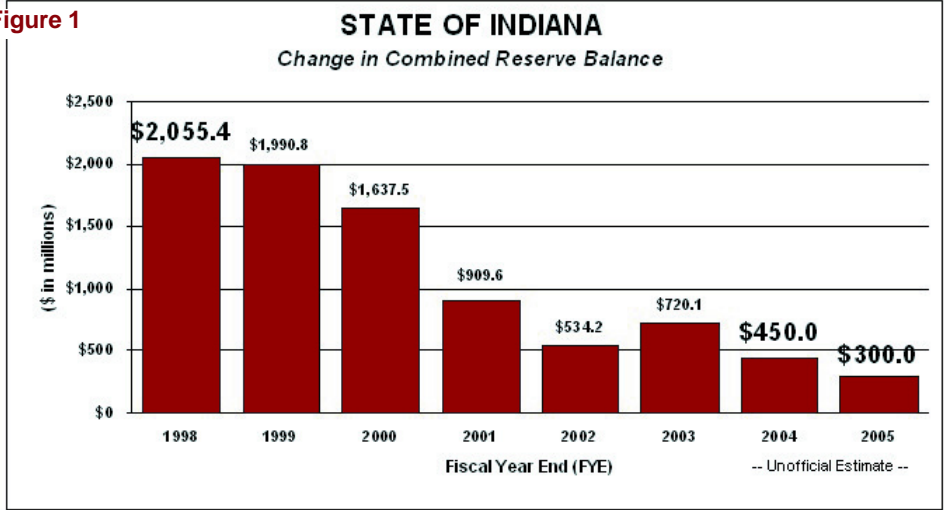


Figure 2

